



DUKE UNIVERSITY  
FEDERAL CREDIT UNION

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System

Duke University Federal Credit Union is very concerned with the Federal Reserve Board's recently proposed rule that would regulate debit card interchange fees. We have the following two concerns:

- This proposal does not include provisions to ensure the establishment and enforcement of a two-tiered structure – it does not protect issuers less than \$10 billion in assets.
- The criteria used to establish the interchange rate fails to take into account costs related to fraud and data security – establishing an artificially low interchange rate.

Duke University Federal Credit Union is less than \$100 million in assets, yet our members are very active with their debit cards. Should the Federal Reserve's rule remain as proposed, our Credit Union could lose \$400,000 in income per year. Like other financial institutions, our Credit Union is struggling during these economic hard times, and we could not afford such a loss in income. For that reason, we would need to charge each of our 11,500 debit card holders about \$35.00 per year to make up the difference.

The propose rule confirms the fears that we expressed last year when we discussed the Interchange Amendment with members of Congress – small issuers may ultimately have to adopt the lower interchange rate even if it doesn't adequately cover costs. Credit Unions will ultimately be forced to pass this cost along to our members. Yet we have not been assured that lower debit card interchange fees that would benefit the merchants would be passed along to our members in the form of lower prices.

We need the Federal Reserve to write rules that adequately protect small issuers as Congress intended. Your assistance would be appreciated by our Credit Union and our 18,000 members.

Sincerely,

G. Lee Fogle  
Chief Executive Officer

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